

BETTY T. YEE, BOARD MEMBER STATE BOARD OF EQUALIZATION

Serving the 8.5 million Californians of the First Equalization District, comprised of 21 counties along the northern and central California coast, including the entire San Francisco Bay Area.



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To learn more about services provided by the State Board of Equalization, please call my office or visit my web site at:
www.boe.ca.gov/members/yee

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QUARTERLY E-NEWSLETTER

Welcome to the Fall edition of my e-newsletter. These are uncertain economic times, but I am optimistic that California can rebuild a strong underlying economic foundation with its resilient people who are ready to meet these challenges.

I and my staff are working 24/7 to help California residents. This e-newsletter is just one of the many services we offer our constituents to help them better understand the economy, the state budget, and noteworthy legislation, and to let them know about new programs, such as one by the Small Business Administration that gives small businesses, and start-up companies a new option for obtaining loans.

Such programs are even more important in this economic climate. Several economic indicators in California point to a stalled or declining economy. Home sales for 2011 are expected to be flat. Unemployment inched up in August to 12.1 percent, and the median income declined in California from 2006 to 2010.

Unfortunately, the flat or declining economy may lead to further state spending cuts in education and health and social programs. The \$86 billion budget, passed in July, relied on increased revenue projections, but called for automatic spending cuts if those projections are not met. So far, revenues are falling short of the projections.

In response to the weak economy, the Federal Reserve (FED) took action in September aimed at boosting growth by attempting to reduce interest rates that are already low. Reducing interest rates is one way of encouraging businesses and consumers to buy more equipment and products.

To better serve California residents, I am pleased to introduce three leaders in state information technology who have joined the Board of Equalization. Brenda Fleming is the new Chief Information Officer; Amy Tong is the new Chief Technology Officer; and, Eric Steen is the new project manager for the Centralized Revenue Opportunity System (CROS).

California also is well served by two recent judicial appointments. I want to congratulate the Honorable Goodwin Liu, who was inducted as an Associate Justice on the California Supreme Court; and the Honorable Edward Chen, who was inducted as a Federal District Judge in the Northern District of California. Their appointments reflect further progress in recognizing our state's diversity.

Together with qualified leaders throughout the state and the innovation and talent of Californians contributing to the state's economic health, I and my staff remain committed to doing our part to assist existing and aspiring entrepreneurs and to provide strong stewardship of our state's revenues.

Sincerely,

BETTY T. YEE

ECONOMIC UPDATE

FORECASTS SAY ECONOMY STALLED, BUT NOT IN ANOTHER RECESSION



The US economy is stalled and its outlook far worse than it was three months ago. However, it is not in danger of going into another recession, according to a University of California, Los Angeles Anderson forecast. The housing market is in a similar holding pattern, with sales of existing homes flat this year and expected to be nearly the same in 2011, the California Association of Realtors (CAR) predicts in its housing forecast.

But recent actions by the Fed are designed to help the economy by reducing already low interest rates to encourage economic activity in a variety of ways, including enticing businesses to borrow to buy equipment and consumers to purchase homes or refinance their existing homes. In September, the Fed announced it would sell \$400 billion of short-term debt and use the money to purchase longer-term debt.

The UCLA forecast predicts that economic growth in the US will remain flat until the middle of next year when it will rise about 2.5 percent, fueled by modest gains in consumer spending and exports. UCLA also notes the nation's economic troubles are being experienced far differently in the interior of California, which is stuck in the "economic doldrums," compared to the coast, where there is gradual economic growth.

Another reason for slow growth is the flat housing market, which will continue to remain flat next year in California, according to CAR. It predicts a slight 1 percent increase in home sales next year to 496,200 units and a 1.7 percent rise in median home prices next year to \$296,000.

CALIFORNIA BUDGET UPDATE

With the passage of the 2011-12 State Budget in June, Californians have now become aware of a new budget term: "trigger cuts." As the year progresses, if revenues from taxes are lower than projected, automatic spending cuts will be triggered. Governor Jerry Brown saw this provision as a public demonstration of our state's commitment to a sound, disciplined financial plan. Additionally, his enactment of the trigger cuts is intended to improve the state's credit rating.

Because California receives the bulk of its tax revenues between January and June, the state has to borrow short-term cash each fall. Governor Brown attributed "our no-gimmick, on-time budget" as the reason Standard and Poor's assigned its highest rating to our short-term notes, the first time this has happened since 2007.

Starting in July, the State has an \$86 billion spending plan for the fiscal year 2011-12. The Budget that was approved by the Legislature and signed by Governor Brown relied on additional revenues of \$6.6 billion, mostly driven by a more positive economic forecast.

As of this September, however, the Department of Finance reports tax revenues are \$596 million short of what was anticipated. If revenues continue to fall short of assumptions, additional cuts will be triggered this December in education and



health and welfare programs.

Trigger cuts could come in one or two levels, depending on how far short revenues fall. In the worst case, the triggers will slash the state's education budget, including K-12 and higher education, by \$1.8 billion more than was already cut in the Budget that passed in July, and reduce the school year by up to seven days.

Although these trigger cuts were agreed to in June by the Governor and the Legislative leaders, the Legislature passed a bill in September that would have required Governor Brown to consult it before making any cuts. Governor Brown vetoed the bill, stating that such efforts would undermine a widely respected plan that has helped stabilize California's finances. He sees trigger cuts as the only means to balance the Budget in a fiscally responsible manner.

For more information about the 2011-12 State Budget, visit the California Department of Finance [website](#).

UNEMPLOYMENT RATES UP, MEDIAN INCOME DOWN

Grim news came from two key economic indicators in September. California's unemployment rate inched up in August compared to July, while the median income in California dropped by 6 percent from 2006 to 2010. In both measures, California did worse than the nation as a whole.

In August, California's unemployment rate stood at 12.1 percent, compared with 12 percent in July. The August rate, however, was a little lower than the rate in August 2010, which was 12.4 percent. From July to August, six categories lost jobs including, financial services, government, and educational and health services. The biggest losses took place in the construction sector, which was down 7,200 jobs.

During that same period, five categories added jobs including, manufacturing, professional and business services, and leisure and hospitality. The biggest increase



took place in the trade, transportation and utilities sector, which added 5,700 jobs.

Local unemployment rates varied, with San Francisco recording 8.4 percent; Alameda County, 10.7 percent; and Contra Costa County, 9.9 percent.

The US Census Bureau reported that the median household income in California fell 6 percent from 2006 to 2010, compared with a 4.4 percent decline for the nation. Half the families earn below and half earn above the median.

California's household median income dropped from \$61,251 to \$57,708, while the nation's declined from \$52,347 to \$50,040. In the San Francisco Bay Area, San Francisco's median income rose 1.5 percent and Alameda County's dropped 3.5 percent.

TAXPAYER SERVICES

TAX SCAMS COME AND GO, KNOWLEDGE AND CAUTION ALWAYS IN SEASON



"Caveat emptor" is Latin for "let the buyer beware." This applies to taxpayers as well, especially those approached by someone they believe to be a tax preparer or a board representative. Just this past quarter, two scams have occurred that remind us to take these words of advice seriously. The scams are somewhat different but both rely on fooling victims into thinking they (the scammers) are someone they are not.

First is the "I'm from the Board of Equalization" scam. Impersonators presenting themselves to be BOE representatives or investigators enter a

business and ask for information that must be retrieved from another area of the store. Left alone, they quickly steal cash, cigarettes, and other tobacco products.

While legitimate BOE representatives routinely visit California businesses to verify proper permits and licenses, they always provide a BOE-issued business card or document containing BOE contact information. BOE representatives will not be overly aggressive, charge money or fees for services rendered during their visit, or ask you for confidential information.

Second is a tax refund scam that surfaces from time-to-time with a new twist. The most recent scam involves conning people into thinking they are eligible for a federal tax refund known as the "Making Work Pay" credit. After collecting a fee upfront from the person filing the tax refund, the so-called "tax preparer" disappears. This scam has been prominent in communities where senior citizens and non-English-speaking persons reside, with activity identified in the San Francisco Bay Area and the Central Valley.

What you should do if you suspect an impersonator or have concerns?

Do not disclose any personal or confidential information to suspicious individuals. Immediately contact your local law enforcement agency.

To confirm the identity of a BOE representative, contact the Statewide Compliance and Outreach Program (SCOP) at your local **BOE office**. Contact the IRS at irs.gov or call 1-800-829-1040 about any refund program for which you may be eligible.



NEW OPPORTUNITY FOR TAXPAYERS WHO AVOIDED PAYING TAXES

Taxpayers who avoided their income tax liability have a second opportunity to come into compliance. With the advancement of technology, reporting requirements, and data sharing between agencies, tax agencies can identify taxpayers who may have underreported their income. The Franchise Tax Board (FTB) Voluntary Compliance Initiative provides an opportunity for taxpayers to amend their 2010 and prior income tax returns.

Taxpayers, who might have underreported their tax liability through the use of tax avoidance transactions or may have

underreported offshore income, have until October 31, 2011 to come into compliance. Taxpayers who participate in the Voluntary Compliance Initiative must pay both the tax and interest in full. In return, they will obtain a waiver of most penalties and avoid potential criminal prosecution. For more information, visit [FTB's Voluntary Compliance webpage](#), or call 1-888-825-9868.



FTB Franchise Tax Board

LEGISLATIVE HIGHLIGHTS

Ms. Yee supported several bills this legislative year, including the following five bills, which were all signed by the governor:

- Senate Bill 947 (Senate Committee on Governance and Finance) which allows the BOE to reduce or eliminate penalties imposed on state assesseees if they can show good cause for failing to file certain tax reports in a timely manner.
- Assembly Bill 1044 (Cedillo) which expands the type of taxes and fees that can be paid by taxpayers with registered warrants.
- AB 289 (Cedillo) which allows nonprofit thrift stores to continue selling items without charging sales tax if the sales are used to benefit persons with HIV/AIDS.
- AB 1307 (Skinner) which expands the BOE's ability to collect delinquent taxes, estimated to be more than \$1.5 billion.
- SB 805 (Senate Veterans Affairs Committee), which extends until 2022 the current tax exemption given to itinerant disabled veteran vendors. It eliminates the need for disabled veterans without a permanent place for their business to hold a seller's permit, file sales tax returns, and remit sales tax on their sales.

NEW USE TAX NEXUS LAW: WHAT'S NEXT?

In September, Governor Brown signed legislation that will delay the implementation of ABx1 28, which promotes e-fairness by requiring some out-of-state retailers that had not previously collected the tax, to begin collecting it.

ABx1 28 will take effect either on September 15, 2012, if the US Congress does not act by July 31, 2012, or by January 1, 2013 if the US Congress does pass a law governing use tax collection with which California agrees to comply.

Currently, the most prominent federal legislation dealing with this issue is the Main Street Fairness Act, which gives states the power to collect use tax from remote retailers if they join the Streamlined Sales and Use Tax Agreement (SSUTA). At the September board meeting, Ms. Yee asked BOE staff to research the SSUTA and provide an update on issues of concern to Californians.

Ms. Yee is concerned that joining the SSUTA might cause local governments in California to lose revenues because the agreement requires states that join to adopt



uniform administrative rules that might not conform to California's tax system. In addition, the SSUTA rules are set by a board that gives each state just one vote, meaning that California may have to ask permission from smaller states to serve its large and diverse population rather than exercise its independent tax sovereign authority.

FROM RECENT BOARD MEETINGS

BOARD CLARIFIES WELFARE EXEMPTION



A *New York Times* article in August raised questions about whether the Board of Equalization was treating nonprofit groups fairly in the way it administers the property tax welfare exemption, especially those with a focus on international charitable work

Nonprofit groups can claim the property tax exemption if their property is used for a variety of purposes, including religious, hospital or charitable purposes.

At its September meeting, the Board focused on the requirements for organizations seeking the exemption because of their charitable work.

All nonprofit groups that want to claim the exemption for property taxes must follow a two-step process. First, the group has to get an organizational clearance certificate (OCC) from the BOE. Second, the organization has to receive approval from its County Assessor's Office, which checks to verify that the property is being used for a charitable purpose or another purpose that qualifies for the exemption such as religious or hospital.

To provide an OCC to groups claiming the exemption because of their charitable activities, the BOE must make sure that these activities benefit Californians. In 2008, the Board's Legal Department stated in a Letter to Assessors that these charitable activities must "primarily" benefit Californians. Two years later, the Legal Department wrote a memo stating that "primarily," did not, in all cases, mean that more than 50 percent of the charitable activities benefit Californians.

During the discussion, Board Members agreed that the BOE has been administering the welfare exemption for charitable activities consistently, but said the BOE might be able to describe the requirements in a way that is

more understandable to the public.

Board Members said they believed the term "primarily" might still be confusing. Ms. Yee asked the Legal Department to draft a letter that eliminates the term "primarily" and replaces it with a term that is more understandable. One suggestion is to describe the requirement by saying that a charity's activities must "provide a meaningful" or "substantial" benefit to Californians in order for an organization to obtain an OCC.

BOARD MAKES KEY APPOINTMENTS

Also at its September meeting, the Board announced their appointments to three top leadership positions in the agency's Information Technology arena: Ms. Brenda Fleming will serve as the Chief Information Officer; Ms. Amy Tong will assume the role of the Chief Technology Officer, and Mr. Eric Steen will lead the BOE's Centralized Revenue Opportunity System (CROS) project as the new project director overseeing the replacement of the BOE's legacy systems.

BOE News

ASSESSMENT PRACTICES IN ALAMEDA AND LAKE COUNTIES WHAT IS WORKING WELL

Every five years, the Board of Equalization reviews each county's property assessment procedures and publishes an assessment practices survey report. Although county government has the primary responsibility for local property tax assessments, the State has both a public policy interest and a financial interest in promoting fair and equitable assessments throughout California.

In the recently released surveys for Alameda and Lake Counties, the board

found most properties were properly assessed in the two counties. Both counties have demonstrated positive elements such as a well-administered decline-in-value program, an efficient tracking program, and a thorough annual review.

Assessment practices survey reports discuss operations that are working well, while also pointing out problem areas and providing recommendations for improvements. The reports include information that could be

helpful to other assessors, including common assessment issues and best practices.



AFTER TWO-YEAR DECLINE, CALIFORNIA PROPERTY VALUES INCREASE OVERALL

For the past two years, many Californians nervously watched their property values slowly slip. While some property owners may still be watching and worrying, others can breathe a sigh of relief. Not only has the overall decline stopped for now, but the Board of Equalization(BOE) actually reports

a slight increase in aggregate property values.

The total value of state-assessed and county-assessed property — mainly homes and business-related buildings — rose to \$4.382 trillion for 2011-12. Compared to the previous year, this is an increase of \$11.6 billion (0.3 percent). While county-assessed

property values increased by \$5.3 billion (0.1 percent) to \$4.297 trillion, the value of state-assessed property — mainly privately owned public utilities and railroads — totaled \$85.3 billion, an increase of \$6.3 billion (8.0 percent).

Highs and Lows

Year-to-year percentage changes ranged from a high of a 19.5 percent gain in Colusa County to a low of a 5.3 percent decline in Plumas County. The increase in Colusa County is largely related to utility assessments comprising more than one-third of the county's assessment roll, and was driven by the construction of a new power plant in the county.

Twenty counties posted year-to-year increases in assessed value, albeit mostly modest; and 38 counties experienced year-to-year declines in value. For the third year in a row, declines in assessed values were especially concentrated in the Central Valley. Assessed values dropped by 2.9 percent in the Greater Sacramento Area.

The assessed valuations of California's 15 coastal counties accounting for over 60 percent of the total assessed valuation, gained 0.9 percent. By contrast, valuations in the 43 inland counties fell 0.6 percent.

Assessed values increased 0.7 percent in Southern California. The increase in the San Francisco Bay Area values was a modest 0.3 percent, consistent with the statewide figure.

Counties with increases in property values:

Alameda	0.1%*	Napa	1.1%
Colusa	19.5%	Orange	1.0%*
Fresno	0.5%	San Diego	0.4%*
Humboldt	1.5%	San Francisco	0.5%*
Kern	2.4%	San Mateo	1.0%*
Kings	1.2%	Santa Barbara	1.5%
Los Angeles	1.4%*	Santa Clara	0.9%*
Madera	3.0%	Santa Cruz	0.0%
Marin	0.8%	Tehama	0.1%
Monterey	0.2%	Trinity	2.4%

Counties with decreases in property values:

Alpine	-4.7%	Mendocino	-0.6%	Shasta	-3.9%
Amador	-3.6%	Merced	-0.2%	Sierra	-2.2%
Butte	-1.2%	Modoc	-3.1%	Siskiyou	-1.0%
Calaveras	-4.8%	Mono	-2.2%	Solano	-1.3%
Contra Costa	-0.4%*	Nevada	-2.6%	Sonoma	-1.9%
Del Norte	-0.9%	Placer	-2.7%	Stanislaus	-2.2%
El Dorado	-1.5%	Plumas	-5.3%	Sutter	-2.2%
Glenn	-1.3%	Riverside	-1.2%*	Tulare	-0.4%
Imperial	-2.4%	Sacramento	-3.7%*	Tuolumne	-3.3%
Inyo	-0.5%	San Benito	-2.3%	Ventura	0.0%*
Lake	-1.2%	San Bernardino	-0.5%*	Yolo	-0.6%
Lassen	-2.8%	San Joaquin	-3.7%	Yuba	-2.0%
Mariposa	-1.0%	San Luis Obispo	-1.6%		

*Counties with rolls exceeding \$100 billion

CALIFORNIA TAXABLE SALES ESTIMATE UP 9 PERCENT IN SECOND QUARTER 2011

Taxable sales in California totaled \$118.5 billion in the second quarter of 2010, up \$5.2 billion, or 4.6 percent, from the same quarter the previous year. For the first time since 2005, California taxable sales rose faster than personal income. More recent data indicates that a recovery in taxable sales continues in the second quarter of 2011.

The Board of Equalization estimates taxable sales have risen 9 percent in the second quarter of 2011 over the same period a year earlier. "The latest report shows many positive signs," said Ms. Yee. "The statewide taxable sales indicate growth, but success will depend on sustained economic expansion throughout the year."

The nine-county San Francisco Bay Area had the strongest growth, rising 6.6 percent. The region's major cities varied widely. For example, taxable sales for San Jose increased 10.7 percent, San Francisco 7.1 percent, while for Oakland the increase was 1.6 percent in second quarter 2010.

In constant dollar terms, taxable sales increased 2.5 percent from the same quarter the previous year. The California Taxable Sales Deflator, which measures the rate of change of all taxable sales in the state, was up 2.0 percent. In comparison, the California Consumer Price Index, which measures the rate of change of common consumer goods, was up 1.8 percent.

How Did Counties in the First District Do in Q2 2010 over Q2 2009?

The second quarter 2010 taxable sales report shows that most counties in the First Equalization District had increases in taxable sales.

Counties with an increase:

Alameda (6.1%)	Monterey (7.7%)	Santa Barbara (2.9%)
Contra Costa (0.9%)	Napa (3.0%)	Santa Clara (12%)
Humboldt (13.3%)	San Benito (2.5%)	Santa Cruz (3.4%)
Marin (6.8%)	San Francisco (7.1%)	Sonoma (3.2%)
Mendocino (2%)	San Mateo (6.4%)	Yolo (5.7%)

Conversely, in the second quarter 2010, some counties in the First Equalization District saw taxable sales decline.

Counties with a decrease:

Del Norte (-3.1%)	San Luis Obispo (-3.5%)	Trinity (-6.5%)
Lake (-3.9%)	Solano (-2.9%)	

Sales By Sector

California gasoline station sales in the second quarter of 2010 increased 15.5 percent, the largest gain of any major category. Most of this growth is attributable to an increase in the price of gasoline. The average price of gasoline at the pump increased 19.4 percent during the second quarter of 2010.

California motor vehicle and parts dealers, electronics and appliance stores, and manufacturing and wholesale businesses all recorded increases in the second quarter of 2010, compared with the same period a year ago. During the same period, real estate and construction declined.

To view all taxable sales in California, visit: www.boe.ca.gov/news/tsalescont.htm.

USE TAX PAYMENTS HEAVILY CONCENTRATED IN HIGH INCOME HOUSEHOLDS

The August edition of the BOE's *Economic Perspective* reports use tax payments are heavily concentrated in high-income households, and such payments vary greatly according to both household income group and geography. This information is based on a BOE staff analysis of use tax payments made by California taxpayers on their personal income tax forms.

Use tax is owed when a consumer makes a purchase from an out-of-state retailer that does not collect California tax. In such cases, the consumer is responsible for making the use tax payment directly to the state. Since 2004, consumers have had the option of reporting and paying their use tax by completing a line on their state income tax form.

Data from the Franchise Tax Board (FTB) indicate that California households paid about \$10.4 million in use tax payments

on their personal income tax returns that covered calendar year 2009 liabilities. BOE research staff tabulated these data for the state as a whole and for the 10 most populous counties in the state by income class for four broad income classes.



Analysis by BOE staff indicate that:

- About 0.42 percent of taxpayers reporting any adjusted gross income (AGI) made use tax payments on their income tax forms.
- A larger percentage of relatively high income taxpayers reported use tax payments than did low income households. A little over one percent of California taxpayers with AGI over \$100,000 reported use taxes, while 0.15 percent of households with AGI less than \$30,000 reported use taxes.
- Use tax payments averaged \$170 per household.

Economic Perspective is a quarterly publication produced by the BOE that examines economic factors of interest or of influence to California economic activity.

SMALL BUSINESS ASSISTANCE

Many small businesses, particularly in traditionally underserved communities, still face challenges in accessing the capital they need to expand or start a business. The US Small Business Administration has loan programs for those who are starting and seeking to expand their small business.

THE 7 (A) LOAN PROGRAM



This loan is an option for one who wants to start a small business, keep the small business, or expand it. The loan is for small business owners who are unable to obtain a loan from a conventional bank. The 7(a) loan program allows a bank or lender to loan money to a small business owner, where up to 90 percent of the loan is guaranteed through the loan program. Even if a business owner is turned down by one bank or lender, the SBA 7(a) loan may be a viable option.

For more information on the SBA 7(a) loan or other SBA loan programs, visit the SBA District office nearest to you.

FOR STARTUPS AND ESTABLISHED SMALL BUSINESSES

A new pilot lending program offers small businesses and startup businesses in underserved markets up to \$200,000 in loans. The three-year Intermediary Lending Pilot Program provides direct loans to eligible nonprofits, who in turn can make small business loans to qualifying startups, newly established businesses, and growing small businesses. SBA funded 20 nonprofit intermediaries to start making loans up to \$200,000 to qualifying small businesses.

In California three community lending organizations were selected to participate: Pacific Community Venture in San Francisco; Fresno County Economic Activities Commission; and TELACU Community Capital in Los Angeles.

For more information about the [Intermediary Lending Pilot Program](#), visit [SBA Intermediary Lending Pilot](#) or contact the [SBA office nearest to you](#).



OFFER-IN-COMPROMISE PROGRAM

For taxpayers experiencing financial hardship, an Offer in Compromise (OIC) is a proposal to pay the BOE an amount that is less than the full tax or fee liability due.

Do you qualify for the OIC program? The OIC program is for taxpayers or fee payers who do not have, and will not have in the foreseeable future, the income, assets, or means to pay their tax liability in full. One qualifies for the program if all of the following requirements are met for closed accounts:

- You have a final tax or fee liability on a closed account.
- You are no longer associated with the business that incurred the liability or a similar type of business.
- You do not dispute the amount of tax or fee you owe.
- You cannot pay the full amount you owe in a reasonable amount of time.

Through January 1, 2013, the BOE will also consider an OIC for open and active businesses that have not received reimbursement from the taxes, fees, or surcharges owed; successors of businesses that may have inherited tax liabilities from their predecessors; and consumers, who are not required to hold a seller's permit, but incurred a use tax liability.

If you have liabilities with multiple state tax agencies, you may use the Multi-Agency application (Multi-Agency Form for OIC). This application can be used to apply for OIC programs with BOE, FTB and the Employment Development Department (EDD) without duplication of forms or other paperwork. If you use the Multi-Agency application, you still will need to negotiate separate payment arrangements with each agency.

For OIC applications for individuals ([BOE-490](#)) or other entities ([BOE-490-C](#)), visit the website at Offer in Compromise. For more specific information, contact the BOE's OIC Section at (916) 322-7131.

IN THE COMMUNITY

As a public official, Board Member Yee participates in events in support of numerous community organizations and business groups. Her relationships with these organizations help to deepen her understanding of the needs and concerns of her constituents.

NORTH FAIR OAKS COMMUNITY FESTIVAL



Ms. Yee addresses the crowd



Neighbors, friends, and families attended the festival.



Ms. Yee with San Mateo County Sheriff Greg Munks

Attending the North Fair Oaks Community Festival which took place on August 21st in Redwood City, Ms. Yee exclaimed, "This festival truly embodies the

concept of community. I am delighted to see such a diverse, thriving community here sharing their traditions and cultures with the broader public." The festival proceeds

benefit the numerous youth programs of the San Mateo County Sheriff's Office including scholarships to high school graduates through the Queen of the Festival scholarship program.

ROTARY CLUB OF OAKLAND

On September 1st, Ms. Yee addressed the Rotary Club of Oakland with her perspectives on California's economy, the East Bay regional economy, and the budget challenges facing the state. Members of this active service organization include leading figures in business, government, and philanthropy in the East Bay region. "Despite being hard hit by the recession, the East Bay region's diversified, resilient economy continues to shine as a bright spot in California," Ms. Yee said.



CA WOMEN LEAD SUMMER RECEPTION



California Women Lead
ENGAGE • EMPOWER • ELECT
Formerly CEWAER

The CWL Summer Reception is an annual event honoring women who have made a significant difference in California's communities, most notably those who have worked to improve the status of women in California. On August 17th, CWL recognized the achievements of Kristen Schreder as the Elected Woman of the Year, Patricia Lock-Dawson as the Appointed Woman of the Year, Mary Wiberg as the Woman of the Year, and inducted Barbara Patrick and Helen Thomson into the CWL "Hall of Fame." "The amazing accomplishments of this year's honorees are truly inspiring," Ms. Yee commented. CWL is a statewide, non-partisan women's organization in California committed to providing women with the training and support they need to be successful in elective and appointed offices.



Ms. Yee with Club President Lorna Padia-Markus and Ms. Mary Geong



Ms. Yee speaks with active Oakland Rotarians.

CENTER POINT, INC. 40TH ANNIVERSARY



Ms. Yee addresses the Center Point, Inc. Reception

Ms. Yee joined community activists and local officials in the North Bay in honoring Center Point, Inc. at its 40th Anniversary Celebration on September 10th. "For four decades, Center Point, Inc. has served as a beacon of hope for those in our community without the necessary means to support themselves," Ms. Yee said. She joined Center Point, Inc. in honoring Congresswoman



Ms. Yee honoring Congresswoman Lynn Woolsey and State Senator Mark Leno

Lynn Woolsey, State Senator Mark Leno, and Assemblyman Jared Huffman for their steadfast support of the organization. Ms. Yee added, "I commend the work of Center Point, Inc. and applaud the leadership of Dr. Sushma Taylor, the commitment of the staff, the vision of the board, the energy of the volunteers, and the personal principles of Center Point's graduates."

SAN JOSE SILICON VALLEY CHAMBER OF COMMERCE ANNUAL BBQ



On August 24th, Ms. Yee attended the Annual Barbeque of the San Jose Silicon Valley Chamber of Commerce, where community and business leaders met to discuss ways to promote and support the diverse coalition of businesses across the South Bay region. "What a wonderful venue for business and government to come together and learn about ways to support one another, especially in these times of limited resources," noted Ms. Yee.

STONEWALL DEMOCRATS 5TH HERO AWARDS

Ms. Yee was proud to serve as the Honorary Awards Chairwoman at the Stonewall Young Democrat's 5th Annual HERO Awards on August 20th in Los Angeles where community leaders were honored for their commitment to fighting for the civil rights and legal protections of Lesbian, Gay, Bisexual, and Transgender (LGBT) youth. Among the honorees were Judge Donna Groman, Senator Mark Leno, Assemblyman Anthony Portantino, and Actress Candis Cayne. Ms. Yee noted, "These honorees do their work without the need for recognition. These awards are a small token of appreciation for each of them."



Ms. Yee served as the Honorary Awards Chairwoman



Ms. Yee addresses the Summit

CA ASIAN CHAMBER OF COMMERCE 2ND ANNUAL LEGISLATIVE SUMMIT

On August 17th, Ms. Yee attended the California Asian Chamber of Commerce Reception during its 2nd Annual Legislative Summit in Sacramento. "I am honored to be standing with you here today. This Chamber has done and continues to do so much for Asian and Pacific Islander American – (APIA) – owned businesses in our state, a main force fueling California's economic engine," Ms. Yee said. This annual event gives statewide business leaders the opportunity to advocate on behalf of issues that affect the APIA business community in California.



Ms. Yee honors the Stonewall Democrats with California legislators



Ms. Yee with Assemblywoman Butler, State Senator Leno, and Stonewall Young Democrats President Ari Ruiz

ASIAN AND PACIFIC AMERICAN LABOR ALLIANCE, AFL-CIO 2011 NATIONAL CONVENTION

Ms. Yee was honored to address the 2011 Convention of the Asian Pacific American Labor Alliance (APALA), AFL-CIO, on July 23rd in Oakland. This annual event brings together union leaders from across the nation representing over 660,000 Asian and Pacific Islander American (APIA) union workers to discuss ways to bridge the concerns of

the general labor movement with those of the APIA community. "I am humbled to be addressing this convention today. The work this organization does day in and day out to increase the voice of hardworking APIA families is so appreciated and so needed with today's economic and state budget challenges," Ms. Yee said.



Ms. Yee addresses members and supporters of APALA



Proud APALA members

INDEPENDENT STATE AND LOCAL TAX (SALT) ALLIANCE BI-ANNUAL MEETING

Ms. Yee was pleased to address the Independent State and Local Sales (SALT) Alliance with her perspectives on California's tax structure and the effects it has on the state's current budget issues at its Bi-Annual Meeting on July 14th in San Francisco. This active, non-profit association is comprised of professional state and local income and sales tax specialists from across the United States. "I welcome the opportunity to engage



Ms. Yee with members of the SALT Alliance

tax professionals from other states to gain insight on challenges common to most states," Ms. Yee stated.

GREATER GEARY BOULEVARD MERCHANTS ASSOCIATION 65TH ANNUAL AWARDS LUNCHEON

Ms. Yee was pleased to support the Greater Geary Boulevard Merchants Association on the occasion of its 65th Annual Awards Luncheon on September 14th in San Francisco. Several local businesses were honored for their work promoting small business enterprise and working with city officials to implement local improvements. Ms. Yee applauded the Association, noting,



"It is merchant associations like this one that have supported generations of entrepreneurs and adds luster to San Francisco's economy."

ORGANIZATION OF CHINESE AMERICANS 2011 CAPITOL RECEPTION



Ms. Yee addresses attendees of the OCA reception

Ms. Yee was proud to address the OCA Sacramento Business Advisory Council at its 2011 Capitol Reception on August 17th in the State Capitol. Founded in 1973, OCA has been dedicated to advancing the social, political, and economic well-being of Asian and Pacific Islander Americans from across the nation. "OCA works to support our community and ensure our voices are heard in the halls of local city councils, state capitols, and the U.S. Congress. Thank you, OCA," Ms. Yee offered.

EQUALITY CALIFORNIA EQUALITY AWARDS



On August 13th, Ms. Yee attended the 2011 EQCA Equality Awards dinner in Los Angeles where the honorees were honored for their dedication to supporting the civil rights and legal protections of the Lesbian, Gay, Bisexual, and Transgender (LGBT) community in California. Ms. Yee is proud to support an organization that has done so much in the fight towards attaining equal rights for the LGBT community, noting "California is not far behind New York in enacting marriage equality. It needs to happen...it will happen."

OBSERVING LABOR DAY

Labor Day each year is a national tribute to the contributions workers have made to the strength, prosperity, and well-being of our country.

Labor Day was borne out of a larger movement of working men and women from across the United States who rallied



together to fight for a better quality of life. The first Labor Day, proposed by the Central Labor Union, was observed on Tuesday, September 5th, 1882, in New York City. In

1884, the Central Labor Union selected the first Monday in September as the standing date for this annual occasion. The union actively lobbied similar groups in other American cities to follow the example of

New York and celebrate a “workingmen’s holiday” on that date. The idea spread with the growth of the labor movement and by 1885, Labor Day was observed in many industrial centers across the nation.

The first state bill to officially recognize the holiday was introduced into the New York Legislature, but Oregon became the first state to pass such legislation on February 21, 1887. During that year, four more states – Colorado, Massachusetts, New Jersey, and New York – enacted the Labor Day Holiday. By 1894, 23 other states had adopted the holiday in honor of workers, and on June 28 of that year, Congress passed an act making the first Monday in September of each year a legal holiday in the District of Columbia and the territories.

Ms. Yee was honored to pay tribute to workers in the public and private sectors and their families on this important holiday for our nation by supporting the San Francisco Labor Council (SFLC) on their Annual Pre-Labor Day Breakfast on September 2nd. This



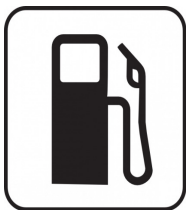
year the SFLC honored longtime activist and union representative Michael Hardeman. For over three decades, Mr. Hardeman has served as a dedicated leader of the Sign & Display Local 510 and as a member of the SFLC Executive Committee. “It is proud union members like Mike that inspire my activism in the labor community. His steadfast commitment to fighting for living wages, safe working conditions, and basic worker dignity truly embody what the San Francisco Labor Council is all about”, Ms. Yee commented.

GAS CONSUMPTION WATCH

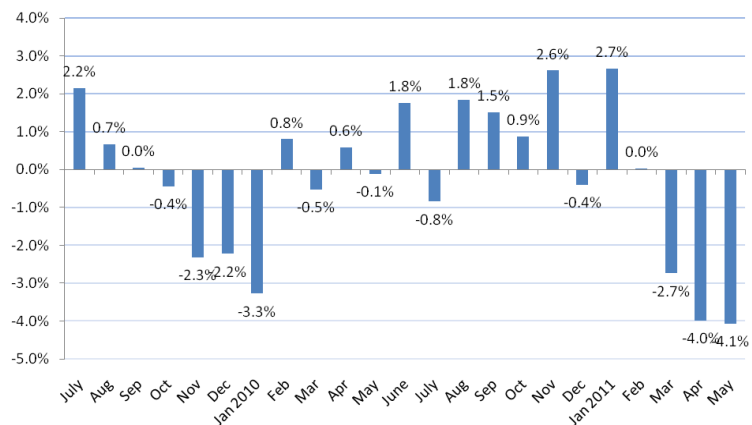
California gasoline consumption declined 4.1 percent in May compared to May 2010 according to the BOE’s consumption figures. This is the second consecutive month of declines at or over 4 percent. “High gasoline prices in May continued to affect consumption in California,” said Ms. Yee. “Californians already experiencing financial stress are particularly vulnerable to high gas prices.”

California gasoline consumption in May 2011 was down 4.1 percent to 1.24 billion gallons compared to the May 2010 total of 1.29 billion gallons. The California average price for a gallon of gasoline was up \$1.09 to \$4.23 in May 2011, a 35 percent increase over the average price of \$3.14 per gallon in May 2010. The national average price of a

gallon of gasoline rose \$1.07 to \$3.96 in May 2011, a 37 percent increase over May 2010 when the national average price for a gallon of gasoline was \$2.89.



Percent Change in Gas Consumption Compared to 12 Months Prior From July 2009 Through May 2011



Diesel Consumption

California’s diesel fuel consumption figures for May 2011 show an increase of 3.9 percent to 213 million gallons compared to the May 2010 total of 205 million gallons. However, the May 2010 diesel figures included \$13.2 million in refunds. After adjusting for the refunds, diesel consumption decreased 2.4 percent in May 2011. The

California average price for a gallon of diesel was up \$1.15 to \$4.36 in May 2011, a 36 percent increase over the May 2010 average price of \$3.21 per gallon of diesel. Nationally, the average price for a gallon of diesel rose 98 cents to \$4.05 in May 2011, a 32 percent increase over the May 2010 national average price of \$3.07 per gallon of diesel.

UPCOMING EVENTS

BASIC SALES AND USE TAX CLASSES

The following basic sales and use tax classes are being offered free of charge in the First Equalization District from October 2011 through December 2011. Please click [here](#) to obtain detailed information about workshop times and locations.

October 5:	Basic Sales and Use Tax Seminar in English (San Jose)
October 6:	Basic Sales and Use Tax Seminar in English (Fairfield)
October 6:	Basic Sales and Use Tax Seminar in English (San Francisco)
October 12:	Basic Sales and Use Tax Seminar in Chinese (San Jose)
October 18:	Basic Sales and Use Tax Seminar in English (Oakland)
October 19:	Basic Sales and Use Tax Seminar in English (Santa Rosa)
October 20:	Basic Sales and Use Tax Seminar in Chinese (San Francisco)
November 3:	Basic Sales and Use Tax Seminar in English (San Jose)
December 7:	Basic Sales and Use Tax Seminar in English (Salinas)